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Japan - Commerce Treaty VII

October 22, 1958.

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TO : L - Mr. Becker
FROM : L/E - Walter Hollis
SUBJECT: Relationship between effectiveness of compensation for expropriated property and availability of foreign exchange for repatriation.

In reply to your question whether the ability to repatriate the proceeds from the expropriation of property of aliens is relevant to a consideration of the effectiveness of such proceeds, nothing has been found in Mr. Walter's articles, in Hackworth, or in the minutes of a number of the recent FCN treaty negotiations. The only evidence on this point to which I can refer at this time is the fact that the final paragraphs of the foreign exchange articles (Art. XII, par. 6 in each case) of the recent FCN treaties with Germany (7 UST(pt. 2) 1854) and the Netherlands (8 UST (pt. 2) 2064) provide that questions arising under the treaty concerning exchange control shall be governed by the foreign exchange article. Since that is a different article from the one relating to the expropriation of property, such a provision implies that the latter article, referring to the effectiveness of the compensation, was not intended to have any bearing on the question of the transferability of the proceeds from expropriation.

L:L/E:WHollis:lr

DEPARTMENT OF STATE A/CDC/MR	
REVIEWED BY <u>[Signature]</u>	DATE <u>9-30-82</u>
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